

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04

TRSE-00 FRB-03 OMB-01 L-03 ITC-01 /069 W

-----109179 200811Z /12

R 190751Z AUG 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5846

INFO AMEMBASSY BRUSSELS

USMISSION GENEVA

LIMITED OFFICIAL USE SEOUL 6979

USEEC USMTN

MTN FOR PHELAN

E.O. 11652: N/A

TAGS: ETRD EEC KS

SUBJ: KOREA-E.E.C. TEXTILE QUOTA DISCUSSIONS

1. A TEAM OF E.C. REPRESENTATIVES, LED BY TRAN VAN THINH, SPENT TWO DAYS IN SEOUL LAST WEEK (AUGUST 11-12) TALKING TO KOREAN GOVERNMENT AND INDUSTRY ABOUT 1978 E.C. TEXTILE IMPORT QUOTAS. THE VISIT WAS REPORTEDLY PART OF A SWING BY THE EUROPEANS THROUGH A NUMBER OF ASIAN EXPORTING COUNTRIES--INCLUDING ALSO INDIA, PAKISTAN, AND HONG KONG--TO EXPLAIN E.C. IMPORT RESTRICTION POLICIES FOR THE COMING YEAR.

2. ACCORDING TO PRESS REPORTS, THE EUROPEANS TOLD THEIR HOSTS THAT CONTROL OF TEXTILE IMPORTS WOULD HENCEFORTH COME WITHIN BAILIWICK OF E.C. RATHER THAN INDIVIDUAL MEMBER COUNTRIES AS HAS BEEN THE CASE IN THE PAST. TEXTILE IMPORTS FROM KOREA WOULD BE CLASSIFIED INTO LIMITED OFFICIAL USE

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(A) MOST SENSITIVE ITEMS, (B) LESS SENSITIVE ITEMS, AND (C) NON-SENSITIVE ITEMS. FIRST CATEGORY REPORTEDLY NUMBERS EIGHT ITEMS--INCLUDING SHIRTS AND BLOUSES--AND ACCOUNTS FOR ABOUT 70 PERCENT OF ALL KOREAN EXPORTS TO E.C. IN 1976, KOREAN TEXTILE EXPORTS TO E.C. TOTALLED \$480 MILLION, I.E. ABOUT 5.3 PERCENT OF E.C. MARKET SUPPLIED FROM ABROAD.

3. ONE OF THE KEY ELEMENTS OF THE E.C. POSITION WAS REPORTEDLY THAT 1978 KOREAN TEXTILE IMPORT QUOTAS SHOULD BE DETERMINED USING 1976--NOT 1977--AS THE BASE YEAR, AND THAT THE BASE BE 10 PERCENT BELOW THE 1976 IMPORT LEVEL IN COMPUTING QUOTAS FOR THE EIGHT SENSITIVE ITEMS. GENERALLY, THE E.C. TEAM IS SAID TO HAVE TAKEN A HARD LINE, THREATENING UNILATERAL RESTRICTIVE ACTION UNDER GATT ARTICLE 19 IF AMICABLE AGREEMENT ON QUOTA ARRANGEMENTS COULD NOT BE REACHED.

4. A MINISTRY OF COMMERCE AND INDUSTRY (MCI) SOURCE WHO PARTICIPATED IN THE DISCUSSIONS CHARACTERIZED THEM TO US AS "VERY TOUGH," AND THE HARD E.C. LINE AS "UNREASONABLE." AMONG OTHER THINGS, THE KOREANS FEEL THAT USE OF 1976, RATHER THAN 1977, AS THE BASE YEAR WOULD BE "ILLOGICAL." ACCORDING TO OUR SOURCE, FURTHER TALKS WILL BE HELD IN BRUSSELS IN OCTOBER, BUT IT WILL UNDOUBTEDLY REQUIRE A NUMBER OF ADDITIONAL ROUNDS OF TALKS AFTER THAT BEFORE ANY AGREEMENT CAN BE HAMMERED OUT.  
STERN

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** KOREA-E.E.C. TEXTILE QUOTA DISCUSSIONS  
**TAGS:** ETRD, KS, EEC, (TRAN VAN THINH)  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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